

# Retail inflation eases to 4.83%

Core and fuel inflation edge down in April, but food inflation trends up

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Retail inflation as measured by the consumer price index (CPI) marginally eased by 2 basis points to an 11-month low of 4.83 per cent in April aided by softening core and fuel inflation even though food inflation accelerated.

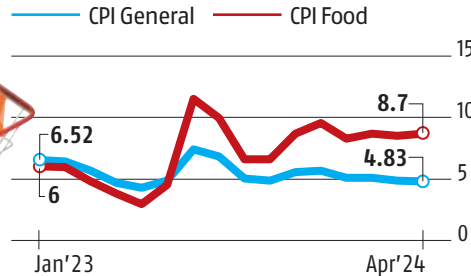
The data released by the National Statistical Office (NSO) on Monday showed food inflation shot up to 8.7 per cent in April from 8.52 per cent in the preceding month, driven by acceleration in the prices of fruits (5.22 per cent), oils (9.43 per cent), cereals (8.63 per cent), and protein-rich items like meat and fish (8.17 per cent). Though the prices of vegetables (27.8 per cent), and pulses (16.84 per cent) decelerated compared to the preceding month, they still recorded a double-digit rise in April.

D K Srivastava, chief policy advisor, EY India, said retail inflation in April this year continued the downward trend that started in December 2023 and it was the second successive month when



Source: NSO

## 11-MONTH LOW



inflation was below 5 per cent. "Although food inflation is marginally higher at 8.7 per cent, the downward pressure emanates from petroleum-related commodity groups namely, fuel and light, and transport and communication services. Core inflation has also trended downwards at 3.2 per cent, which is the lowest in the 2012 base CPI series. If this trend continues, CPI inflation in Q1 of FY25 may turn out to be marginally lower than RBI's projection of 4.9 per cent," he added.

Madan Sabnavis, chief economist,

Bank of Baroda, said that the heat wave effect will get exacerbated on vegetable prices in May, with cereal and pulses witnessing high prices until the next crop comes in.

"Core inflation, which has been under control so far, can spring an upward surprise as companies have raised prices of their products. This holds in the consumer goods segment as they have held back price increases for over a year. Education and health inflation has come down more due to base effects as both tuition fees and hos-

pital charges have gone up in absolute terms. The same holds for pharma products," he added.

Echoing similar views, Rajani Sinha, chief economist, CARE Ratings, said that apart from elevated food inflation, incremental risk to inflation stemmed from the uptick in global commodity prices, especially industrial metals which were up 20 per cent in the past three months.

Core inflation, which excludes food and fuel components, remained below 3 per cent as prices of clothing and footwear (2.85 per cent), housing (2.68 per cent), and services like recreation (2.64 per cent), education (4.2 per cent), health (4.3 per cent), and transport (1.09 per cent) saw deceleration during the month.

In April, the RBI's monetary policy committee (MPC) had unanimously kept the policy rate unchanged at 6.5 per cent for a seventh consecutive time and maintained the "withdrawal of accommodation" stance. It has also kept its inflation forecast for the current financial year unchanged at 4.5 per cent.